



Mentor-Protégé Program Procedure Manual

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Missile Defense Agency's Mentor-Protégé Program Procedures

1. Purpose

The procedures contained in this manual are for guidance in developing, submitting, processing, and administering the Missile Defense Agency's (MDA) reimbursable Mentor-Protégé agreements in accordance with Defense Federal Acquisition Regulation Supplement (DFARS) 219.71 and DFARS Appendix I. These procedures cover new agreements, incremental funding of agreements, extensions/realignment of milestones of current agreements, and reporting requirements.

Credit agreements allow a mentor to receive credit toward subcontracting goals for costs incurred, see DFARS Appendix I-110. Mentors interested in initiating credit agreements should contact Defense Contract Management Agency (DCMA) Office of Small and Disadvantaged Business Utilization Office (SADBU) directly as all credit agreements are sponsored by DCMA SADBU. For the DCMA homepage, go to <http://www.dcma.mil>. The Point of Contact (POC) for credit Mentor-Protégé agreements is:

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2. Background

The Department of Defense (DoD) Pilot Mentor-Protégé Program was established under Section 831 of Public Law 101-510, the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 2302 note). The purpose of the Program is to provide incentives for DoD contractors to assist small businesses as defined in DFARS 219.71 in enhancing their capabilities and to increase participation of such firms in Government and commercial contracts.

Mentors receive compensation for their costs associated with Mentor-Protégé agreements in the form of credit or direct reimbursement. A reimbursable agreement provides monetary reimbursement only for the cost of developmental assistance incurred by the mentor firm and provided to a protégé firm in accordance with the approved agreement.

For more information about the DoD Mentor-Protégé Program, visit their home page at http://www.acq.osd.mil/sadbu/mentor_protege/index.htm.

3. Responsibilities

- a. In accordance with MDA Directive 4205.02, Small Business Programs, the MDA Office of Small Business Programs (OSBP) is responsible for the overall administration and management of the MDA Mentor-Protégé program. The MDA OSBP will coordinate with other organizations within the agency to ensure the requirements of DFARS 219.7103 and DFARS Appendix I are met, and coordinate with the Department of Defense (DoD) Office of Small Business Programs as required.
- b. The contracting officer's responsibilities are detailed at DFARS 219.7103-2. These responsibilities include adding Mentor-Protégé agreements to existing contracts by contract modification, issuing modifications for funding, extensions, and deobligation of unused funds, and other responsibilities identified in sections 5(c) and 7(h) of this Procedure Manual.
- c. In accordance with DFARS Appendix I-113, the DCMA will conduct annual performance reviews of the progress and accomplishments realized under approved Mentor-Protégé agreements.
- d. In addition to providing beneficial developmental assistance to the protégés, mentors are responsible for submitting the various reports and participating in the reviews described in Section 11 of this document.

4. Eligibility to Participate

Both the mentor and the protégé must meet the established eligibility requirements to participate in the Program. These requirements are provided at DFARS 219.7102 and DFARS Appendix I. Full texts of these regulations are available on the DoD Mentor-Protégé website at http://www.acq.osd.mil/sadbu/mentor_protege/participate/index.htm.

- a. **The Mentor.** Prior to participation, mentor firms must complete and submit a mentor application to the DoD OSBP Director for approval as a mentor firm under the Program.

Agreements should be structured only after completion of **a Needs Assessment of the protégé in accordance with DFARS Appendix I-106 (b).**

The prospective Mentor should not contact MDA contracting or program personnel regarding any proposed agreement until after contacting the MDA Mentor-Protégé Program Manager regarding their proposed Mentor-Protégé Agreement. The MDA Mentor-Protégé Program Manager will make the cognizant program office and Contracting Officer aware of any pending agreements. The Mentor Application and Mentor-Protégé Agreement templates may be accessed electronically from the DoD

Mentor-Protégé website at
http://www.acq.osd.mil/sadbu/mentor_protége/participate/aaat.htm.

b. **The Protégé.** Prior to processing a Mentor-Protégé agreement, the mentor and sponsoring activity must ensure the protégé is eligible to participate as a protégé. To be eligible to participate, the protégé must meet one of the eligibility requirements as defined in DFARS 219.7102 (b) and DFARS Appendix I-102 (b) and maintain that status for the life of the agreement. If the protégé self-certifies that it meets the eligibility requirements, a separate written self-certification of their small business status must be provided with the Mentor-Protégé agreement. (Note: If the SBA SDB certification expires prior to the end of the agreement period, the agreement and contract modification may still be written for the entire agreement period with conditions stating funding is subject to the protégé's SDB recertification. Prospective Protégés should not contact MDA contracting or program office personnel regarding any prospective Mentor-Protégé agreement, but should conduct all their business regarding the Agreement through either the prospective Mentor or with the MDA Mentor-Protégé Program Manager.

5. General Procedures

a. **The mentor is solely responsible for selecting a protégé that they believe will result in a successful relationship.** Mentors should consider the following when selecting a protégé:

- (1) A previous, established relationship must exist between the mentor and protégé,
- (2) Protégé's geographic proximity to the mentor,
- (3) How the assistance aligns with the protégé strategic vision,
- (4) Protégé's attitude regarding being mentored,
- (5) Commitment to the relationship by both parties,
- (6) Capabilities of the protégé and how they interface with the mentor,
- (7) Stability of the protégé's management and financial status,
- (8) Protégé's past performance,
- (9) Results of any contract/subcontract work between the mentor and protégé, and
- (10) Subcontracting expectations.

b. A mentor may have several DoD mentor-protégé relationships; however, a protégé may have only one DoD mentor at any given time. A separate Mentor-Protégé agreement must be submitted for each Mentor-Protégé relationship.

c. Mentor-Protégé agreements are formalized contractually by adding a separately priced cost reimbursable contract line item number (CLIN) to an existing MDA contract for the developmental assistance cost approved by the MDA OSBP Director. Generally, the mentor identifies one of their existing MDA prime contracts

and conducts discussions with the MDA OSBP about developing the Mentor-Protégé Agreement. Guidance for selection of the appropriate contractual vehicle includes:

- (1) Mentor-Protégé agreement must be added:
 - ❑ as a **no fee** line item to an existing contractual instrument or
 - ❑ as a task order to a negotiated Indefinite Delivery type contract (not Blanket Purchase Agreement (BPA) or Basic Ordering Agreement (BOA))
- (2) Agreements may be added to a contractual instrument that does not have adequate period of performance remaining to cover the entire period of the Mentor-Protégé agreement. In this case, it is permissible for the contracting officer to move the Mentor-Protégé agreement to another contractual instrument so that the expired contract file may be closed. Such action must be coordinated with the MDA OSBP.
- (3) Agreements cannot exceed three (3) years from the date of the issuance of the task order or contract modification that incorporated the approved Mentor-Protégé agreement as a separate cost reimbursable line item on a MDA prime contract.
- (4) It is strongly recommended that the proposed agreement period be established for 60 – 90 days less than a full 3-year period to allow for an extension in the event the milestones cited in the agreement are not met.
- (5) Agreements cannot exceed the protégé's SDB self certification period. If a protégé's certification expires prior to the end of the agreement period, the mentor may submit the cost proposal for the entire period; however, the contracting officer must include a condition in the contract stating that any cost extension of the agreement or annual funding is subject to the protégé's SDB self recertification.
- (6) Based upon processing and approval cycles required, soft dates such as "30 days after contract modification" should be utilized throughout the agreement.

d. As cited in DFARS 219.7103-2 (f) and DFARS Appendix I-109 (d), the total amount that may be reimbursed to a mentor per year may not exceed \$1,000,000. The amounts listed in the Proposal Amounts and Not-To-Exceed Amounts columns below are considered "customary" for the MDA Mentor-Protégé Program.

	Proposal Amounts	Not-To-Exceed Amounts
Non-Manufacturing Per Year	\$175K - \$250K	\$500K
Non-Manufacturing Per Agreement	\$750K	\$1.5M
Manufacturing Per Year	\$750K	\$950K

Manufacturing Per Agreement	\$2.25M	\$2.85M
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Non-Manufacturing agreements are agreements where a hardware end product is not produced or delivered by the Protégé.

Manufacturing agreements are agreements where a hardware end product is produced or delivered by the Protégé.

e. All MDA Mentor-Protégé agreements must contain the following **four sections** with each one separately identified:

(1) The Mentor-Protégé agreement as defined in DFARS Appendix I, Section I-107

(a) All elements of Section I-107 (b) MUST be addressed separately.

(2) A separate statement citing the benefits of this agreement and/or the Return On Investment of this agreement to the MDA and/or DoD must be submitted on a separate page, which is clearly identified. Traditional DoD Mentor-Protégé agreements are a “win-win” proposition for the Mentor and the Protégé. MDA seeks to have a third “win” in that the proposed agreements provide benefits to MDA and the Ballistic Missile Defense System (BMDS). Examples of such benefits include, but are not limited to:

(a). Additional qualified vendors for components of BMDS systems so as to enhance competition for subcontracts at all tiers of the supply chain;

(b). Additional producers of products requiring high levels of quality in order to reduce single point failures in the supply chain;

(c). Transition of technology to improve the capabilities provided by BMDS systems; and,

(d). Enhanced services to MDA through improved processes or certifications.

(3) A technical proposal that details the developmental program described in the Mentor-Protégé agreement DFARS Appendix I, Section I-107 (f).

(a) The technical proposal should be constructed so it easily tracks to the cost proposal. The hours associated with each task described in the technical proposal should be visible in the cost proposal. A very strong technical proposal is imperative. Hours and dollar values associated with technology transfer should be approximately 55% of the proposed hours and cost. The remaining 45% may be related to business development tasks. Technology transfer is the most important element of the proposed

agreement and will be used as an evaluation criteria in accordance with section (6) (d) of this manual, entitled Evaluation Process for Mentor-Protégé Agreements.

Examples of technology transfer and business development include, but are not limited to:

Technology Transfer:

Accounting Systems, ISO Certifications, Software Certifications, Office Automation, Program Management associated with technology transfer, Manufacturing Processes, and Quality Process Improvements

Business Development:

Marketing, processes related to Human Resources, and Company Policies and Procedures and Administration

- (b) For additional examples, see Section 12 of the DoD Mentor-Protégé agreement template for examples of technical and business development assistance at:
http://www.acq.osd.mil/sadbu/mentor_protege/download/AgreeAppTempFY04-WEB.doc.
- (c) The technical proposal shall include: a milestone chart (with soft dates) to track the proposed technical assistance. Metrics shall also be included to measure progress and completion of each of the major developmental tasks.
- (4) A detailed cost proposal of the technical proposal **presented in 12-month increments** as cited in DFARS Appendix I, Section I-108 (a) (4). Cost proposals must comply with the following:
 - (a) The cost proposal shall be constructed with a base year and priced options for any additional years of effort proposed, not to exceed 3 years in accordance with section 5(c)(4) of this manual.
 - (b) A separate cost summary page broken out in 12-month periods.
 - (c) Labor/salary reimbursement must be for employees on the mentor's payroll only. **Protégé salaries and consultant costs are not allowable.**
 - (d) **Do not include any type of fee or profit.**
 - (e) Incidental costs or other direct costs (ODCs) **cannot exceed 10%** of the total cost of the proposal. Incidental costs include all costs other than

direct labor, overhead, and general and administrative (G&A) costs associated with direct labor. Examples of incidental costs include travel, training, equipment and software, etc. **To calculate the 10%:** divide the incidental costs into the total proposal costs (total proposal cost includes labor, overhead, G&A, **and** incidental costs).

- ❑ No capital equipment is allowed to be purchased under this Mentor-Protégé agreement. Any equipment that would normally be depreciated will be considered as capital equipment.
- (f) Tasks to be completed by Historically Black Colleges or Universities or Minority Institutions (HBCUs/MIs), Procurement Technical Assistance Centers (PTACs), or Small Business Development Centers (SBDCs) are allowable and **are not included in incidental costs**. The use of these resources for training is **strongly encouraged**. The total HBCU/MIs, PTACs, or SBDCs cost should not exceed 30% of the total cost of the proposal.

Websites:

HBCUs: <http://www.acq.osd.mil/sadbu/programs/hbcumi/Home.htm>

PTACs: <http://www.aptac-us.org/new/>

SBDCs: <http://sbdnet.utsa.edu/>

- (g) The percentages for incidental costs and HBCU/MIs, PTACs, or SBDCs are to be clearly displayed per year as well as the total for all years.
- (h) The **only** protégé expenses to be reimbursed by the government are for travel expenses relating to training, **not** marketing.
- (i) All proposed costs must track to each developmental assistance category proposed in the technical proposal.

6. Evaluation Process for Mentor-Protégé Agreements

- a. Proposed Mentor-Protégé agreements should be forwarded by the mentor to the MDA Mentor-Protégé Program Manager for review and endorsement. Mentors should anticipate this initial review to take approximately 30 days. Prospective Mentors are encouraged to coordinate with the MDA Mentor-Protégé Program Manager throughout the development of their agreement to assist in speeding up the approval process once a proposed agreement has been submitted for approval.
- b. Proposed Mentor-Protégé agreements will be evaluated and forwarded to the MDA OSBP Director for approval and funding or rejected within 45 days after initial submission. Notification of acceptance/rejection will be sent to the mentor.

c. Unsuccessful agreements may be revised and resubmitted a maximum of two times.

d. Proposed agreements will be evaluated based on the following criteria in **descending order of importance:**

- (1) Perceived benefit/value of the agreement to MDA and/or DoD;
- (2) Merit of the technology transfer to the protégé firm; Percentage of hours associated with technology transfer;
- (3) Subcontracting opportunities available to the protégé;
- (4) Utilization of HBCUs/MIs, PTACs, SBDCs; and
- (5) Proposed cost.

7. Procedures for Processing New Agreements

a. Ensure that the Mentor is an approved DoD Mentor prior to proposal submission.

b. Mentor has completed a preliminary assessment of the developmental needs of the protégé firm in accordance with DFARS Appendix I, Section I-106 (b).

c. Mentor coordinates with the MDA Mentor-Protégé Program Manager who will coordinate with the cognizant MDA program and contracting offices to received preliminary approval to add a line item to an existing MDA prime contract.

d. Mentor and protégé develop the agreement in accordance with DFARS Appendix I, Section I-107. The Mentor-Protégé Program Agreement Template may be accessed electronically from the DoD Mentor-Protégé website at http://www.acq.osd.mil/sadbu/mentor_protége/participate/aaat.htm.

e. Mentor submits agreement to the MDA Mentor-Protégé Program Manager for review. Prospective Mentors and Protégés should coordinate their proposed agreements with the MDA OSBP prior to formal submission to enhance their chances of receiving an approved agreement. This is particularly important for reimbursable agreements as funding for agreements must be coordinated with OSD OSBP well in advance to insure funding is available upon approval of the agreement. Upon completion of the review, the proposed agreement is forwarded to MDA OSBP Director for review and approval/disapproval.

e. If the agreement is approved and funded by the MDA OSBP Director, funding will be sent via MIPR to the sponsoring activity.

f. Once the funding is received, the contracting officer should issue a modification to the contract adding the funding and the Contract Data Requirements List (CDRL) for the reporting requirements. The agreement will be added as a separately priced cost reimbursable line item to the appropriate existing MDA contract. The Mentor-

Protégé Agreement and the Technical Proposal portions excluding the Cost Proposal should be added to the contract as an attachment. A special contract clause should be added stating all GFE purchased under this CLIN shall be abandoned in place at the Protégé's facility upon completion of the agreement.

g. All approved agreements will have the base year funded and will contain priced options for any additional years of effort proposed.

8. Procedures for Annual Funding

a. To be considered for funding of the priced options both the mentor and protégé must be satisfied with the progress of the agreement and agree to continue the agreement for an additional year. The mentor must submit a letter signed by both the mentor and protégé requesting the agreement be continued for an additional year. The letter must include:

- (1) Explanation of what milestones were met with the previous funding, what milestones were not met, and why, corrective action planned, and what accomplishments are planned with the next increment of funding;
- (2) Funding expended to date;
- (3) The most recent DoD Mentor Protégé Agreement Semi-Annual Report; and
- (4) Updated agreement, developmental assistance, milestones, metrics, and revised cost proposal, if applicable.

b. Mentors must submit the request for incremental funding when 75% of funds have been expended.

c. The letter must be submitted to the MDA OSBP Director for review and approval of further funding. Upon completion of the review and approval to fund the option, the Incremental Funding Request will be forwarded to the DoD OSBP Office with an endorsement letter from the MDA OSBP Director. **Mentors and Protégés are reminded that sufficient progress towards obtaining the milestones in the agreement is essential to the continued funding of the agreement. If either the Mentor or the Protégé are not fulfilling the requirements of the agreement, the agreement will risk termination by the Government and no further funding will be forthcoming.**

d. After approval and funding is provided to the sponsoring activity, OSD OSBP will forward a copy of the approval letter and advise the MDA OSBP. The cognizant contracting officer will then issue a contract modification to add the additional funding to the contract.

9. Procedures for Processing Agreement Extensions/Realignment of Milestones

The mentor must submit a formal request to extend the agreement if the milestones established in the Mentor-Protégé agreement cannot be met within the period of performance and/or if the mentor needs to realign or add milestones upon re-evaluation of the protégé needs assessment. The request shall be submitted to the MDA OSBP through the MDA Mentor-Protege Program Manager. Requests may be either at cost or no additional cost; but in either case, the total agreement period cannot exceed 3 years.

b. To avoid a gap in the agreement period of performance, a mentor must submit extension requests as soon as they suspect an extension will be necessary to meet the agreed upon milestones. The mentor must include a letter signed by both the mentor and protégé requesting the extension and/or realignment/addition of milestones with a justification explaining why it is necessary. The letter must include:

- (a) Funding expended to date;
- (b) Milestones accomplished;
- (c) Milestones not accomplished with explanation;
- (d) Any new milestones proposed;
- (e) Formal modification/addendum to the agreement signed by both parties (include updates to developmental assistance, milestones, metrics, and cost proposal, if applicable); and
- (f) Justification for additional cost, if any.

c. The extension and/or realignment/addition of milestones request must be submitted to the MDA Mentor-Protégé Program Manager for review and approval.

d. After the MDA Mentor-Protégé Program Manager approval is provided, the cognizant contracting officer should issue a contract modification to incorporate the changes and/or extend the agreement.

10. Procedures for Cancellation/Termination of Agreements

If the agreement is terminated prior to the scheduled completion date, a formal notification must be submitted IAW the procedures described in DFARS Appendix I, Section I-111.

- a. A letter signed by both parties must be submitted to the MDA OSBP with copies to the DoD OSBP, DCMA, and contracting officer.
- b. MDA will consider terminating an agreement if it discerns that either the Mentor or the Protégé are not complying with the terms of the agreement or if sufficient progress is not being made towards accomplishing the milestones contain within the agreement.

11. Reporting and Reviews

- a. Reporting requirements for each mentor and protégé are described in DFARS Appendix I, Section I-112.
- b. Monthly expenditure reports are required to be submitted to the MDA Mentor-Protégé Program Manager by the 20th of each month. This report will be included as a CDRL requirement when issuing the contract modification for the Mentor-Protégé agreement. Repeated **failure to provide this report may result in denial of the next funding option or the termination of the agreement.**
- c. Extra emphasis is placed on the semi-annual reports that are required in paragraph (a) above. These reports are reviewed and will be used in the decision-making process to determine if the option year funding will be approved. **Inaccurate and late reports will have a negative impact on the decision to approve funding.**
- d. Annual performance reviews are conducted by the DCMA as described at DFARS Appendix I, Section I-113. Post program reviews of the protégé firms are conducted for 2 fiscal years after expiration of agreements. These reviews will be used in the decision-making process to determine if option year funding will be approved. MDA OSBP may participate in these reviews with DCMA.



MDA MENTOR-PROTÉGÉ AGREEMENT TEMPLATES & DOCUMENTS

CTL + CLICK the following link to download templates and documents:

http://www.acq.osd.mil/osbp/mentor_protege/downloads/index.htm

- A. Mentor Application Template**
- B. Agreement Application Template**
- C. Agreement Checklist**
- D. DoD Mentor-Protégé Semi-Annual Report**
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